

- **Board of Directors**
Asset and Real Property Committee

August 15, 2006 Board Meeting

7-1

Subject

Grant conditional approval for the 94th Fringe Area Annexation to Eastern Municipal Water District and Metropolitan Water District of Southern California; and adopt resolution of intention to impose water standby charge

Description

The Eastern Municipal Water District requests conditional approval and imposition of Metropolitan's water standby charge for the 94th Fringe Area Annexation concurrently to Eastern and Metropolitan. The proposed annexation consists of 5.82 gross acres with 0.44 acre designated for public roads. For this annexation, the net area is 5.38 acres. The area is located within the county of Riverside, along Madison Avenue, southeast of Elm Street in the city of Murrieta. See [Attachment 1](#) for the legal description and map.

The current zoning of the property is commercial. The proposed development of the property is industrial business park as approved by the city of Murrieta's General Plan dated 1994. Prior to completion of the annexation, Eastern will pay a \$23,614.80 fee if the annexation is completed prior to December 31, 2006. If the annexation is completed later, the fee will be the then-current annexation charge rate pursuant to Section 3300 of Metropolitan's Administrative Code. The annexation charge is calculated by the per-acre method based on net acreage and a \$5,000 processing fee. The projected annual water demand on Metropolitan is approximately 16.2 acre-feet per year. The Water Use Efficiency Certificate ([Attachment 2](#)) is in compliance with the Administrative Code amendment approved on October 12, 2004.

Completion of this annexation will be subject to such terms and conditions as may be fixed by the Board in granting final consent to such annexation. Eastern has requested that Metropolitan impose a water standby charge within the annexation territory at the rate of \$6.94 per acre or per parcel of less than one acre, which is the water standby charge rate presently levied in other portions of Eastern. Under the requirements of Article XIII D of the California Constitution (Proposition 218), such charges must be treated as new assessments, subject to approval by the property owners in the area to be annexed through mailed ballot proceedings. [Attachment 3](#) contains the form of resolution of intention to impose a water standby charge which, if adopted by the Board, will authorize the Executive Secretary to mail notices to the property owners. The notices to property owners will include ballots, which the property owners will be asked to mark and return. Ballots will be tabulated at a public hearing on the assessments scheduled to commence on October 10, 2006, or such other date as the Board shall determine. The ballots received from property owners are weighted according to the proportionate obligation of each property. Unless a majority vote protests the charges, the Board may impose the water standby charge in the annexed area concurrently with final approval of annexation.

Policy

Territory may be annexed to Metropolitan upon terms and conditions fixed by the Board and in accordance with Chapter 1, Article 1, Section 350 through Section 356 of Metropolitan's Act and Division III, Section 3100(b) of its Administrative Code.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed actions are not defined as a project under CEQA because they involve the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed actions in question may have a significant effect on the environment, the proposed actions are not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Prior to formal approval of the annexations and water standby charges from the Board, CEQA documentation will be prepared by the Lead Agency and processed in accordance with CEQA and the State CEQA Guidelines. As the Responsible Agency, Metropolitan's Board will then review and consider the CEQA documentation before taking further action.

The CEQA determination is: Determine that the proposed actions are not subject to the provisions of CEQA pursuant to Sections 15378(b)(4) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and

- a. Grant conditional approval for the 94th Fringe Area Annexation concurrently to Eastern and Metropolitan, conditioned upon receipt in full of annexation fee of \$23,614.80 to Metropolitan if completed by December 31, 2006, or if completed later, at the then-current annexation charge rate;
- b. Approve Eastern's Statement of Compliance with the current Water Use Efficiency Guidelines ([Attachment 2](#)); and
- c. Adopt the resolution of intention to impose water standby charge within the proposed annexation territory, substantially in the form of [Attachment 3](#).

Fiscal Impact: Receipt of annexation fee of \$23,614.80 for the 94th Fringe Area and water sales revenue from newly annexed territory

Business Analysis: This annexation will provide a service connection and associated benefits to the 94th Fringe Area. The initial fixed variable costs are borne by the local water supplier and property owners including processing, infrastructure, and the cost of raw and treated water. The annexation helps to meet Metropolitan's obligations to member agencies and provides essential benefits to public health and safety.

Option #2

Decline the request for 94th Fringe Area Annexation

Fiscal Impact: Unrealized annexation fee and water sales revenue from non-annexed territory

Business Analysis: Service area connection will not be done, thereby negating inherent benefits of water supplied through Metropolitan and Eastern.

Staff Recommendation

Option #1



Jill T. Wicke
Manager, Real Property Development and
Management

7/13/2006
Date



Debra C. Man
for Jeffrey Kightlinger
General Manager

7/18/2006
Date

Attachment 1 – 94th Fringe Area Legal Description and Map

Attachment 2 – 94th Fringe Area Water Use Efficiency Certificate

Attachment 3 – 94th Fringe Area Resolution of Intention to Impose Water Standby Charge

BLA #4696

REORGANIZATION TO INCLUDE CONCURRENT ANNEXATIONS TO EASTERN MUNICIPAL WATER DISTRICT (94TH FRINGE), RANCHO CALIFORNIA WATER DISTRICT (ANNEX 94) AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA.

LAFCO NO.

EXHIBIT "A"

Parcel 2 and a portion of Lot C of Parcel Map 7065, as shown by map on file in Book 26 of Parcel Maps, page 50, in the office of the County Recorder, County of Riverside, State of California, more particularly described as follows:

COMMENCING at the centerline intersection of Elm Street and Madison Avenue as shown on said Parcel Map 7065, said intersection being the most northerly corner of said map;

THENCE South 41°16'04" East along the northeasterly boundary line of said Parcel Map 7065, said line being the centerline of Madison Avenue as shown on said map, a distance of 1263.78 feet to the most easterly corner of said Parcel Map, said corner also being the most easterly corner of Lot C, being the TRUE POINT OF BEGINNING:

THENCE leaving said northeasterly line South 47°17'28" West along the southeasterly line of said Lot C, said southeasterly line being the southeasterly boundary line of said Parcel Map 7065, a distance of 30.01 feet to a point on the southwesterly right of way line of Madison Avenue, said right-of-way line being 30 feet from the centerline of Madison Avenue as shown on said Parcel Map 7065, said point being the most southerly corner of said Lot C, said point also being the most easterly corner of said Parcel 2;

THENCE continuing along the southeasterly boundary line of said Parcel Map 7065 South 47°17'28" West along the southeasterly line of said Parcel 2 a distance of 370.00 feet to the most southerly corner of said Parcel 2;

THENCE leaving said southeasterly line North 41°16'04" West along the southwesterly line of said Parcel 2 a distance of 635.15 feet to the most westerly corner of said Parcel 2;

THENCE North 47°45'30" East along the northwesterly line of said Parcel 2 a distance of 369.94 feet to the most northerly corner of said Parcel 2, said corner being a point on the southwesterly line of said Lot C, said line being the southerly right-of-way line of Madison Avenue, as shown on said Parcel Map 7065;

THENCE leaving said lines North 47°45'30" East a distance of 30.00 feet to a point on the northeasterly boundary line of said Parcel Map 7065, said line also being the centerline of Madison Avenue;

THENCE South 41°16'04" East along said centerline a distance of 631.89 feet to the TRUE POINT OF BEGINNING.

The above-described parcel of land contains: 5.82 acres gross, more or less
5.38 acres net, more or less

MARKHAM DEVELOPMENT MANAGEMENT GROUP, INC

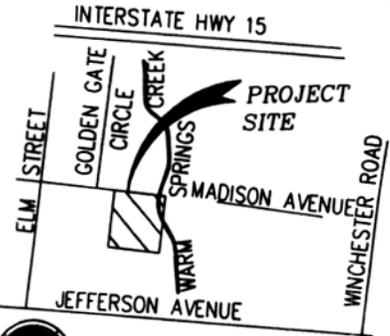
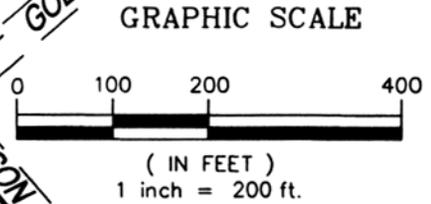
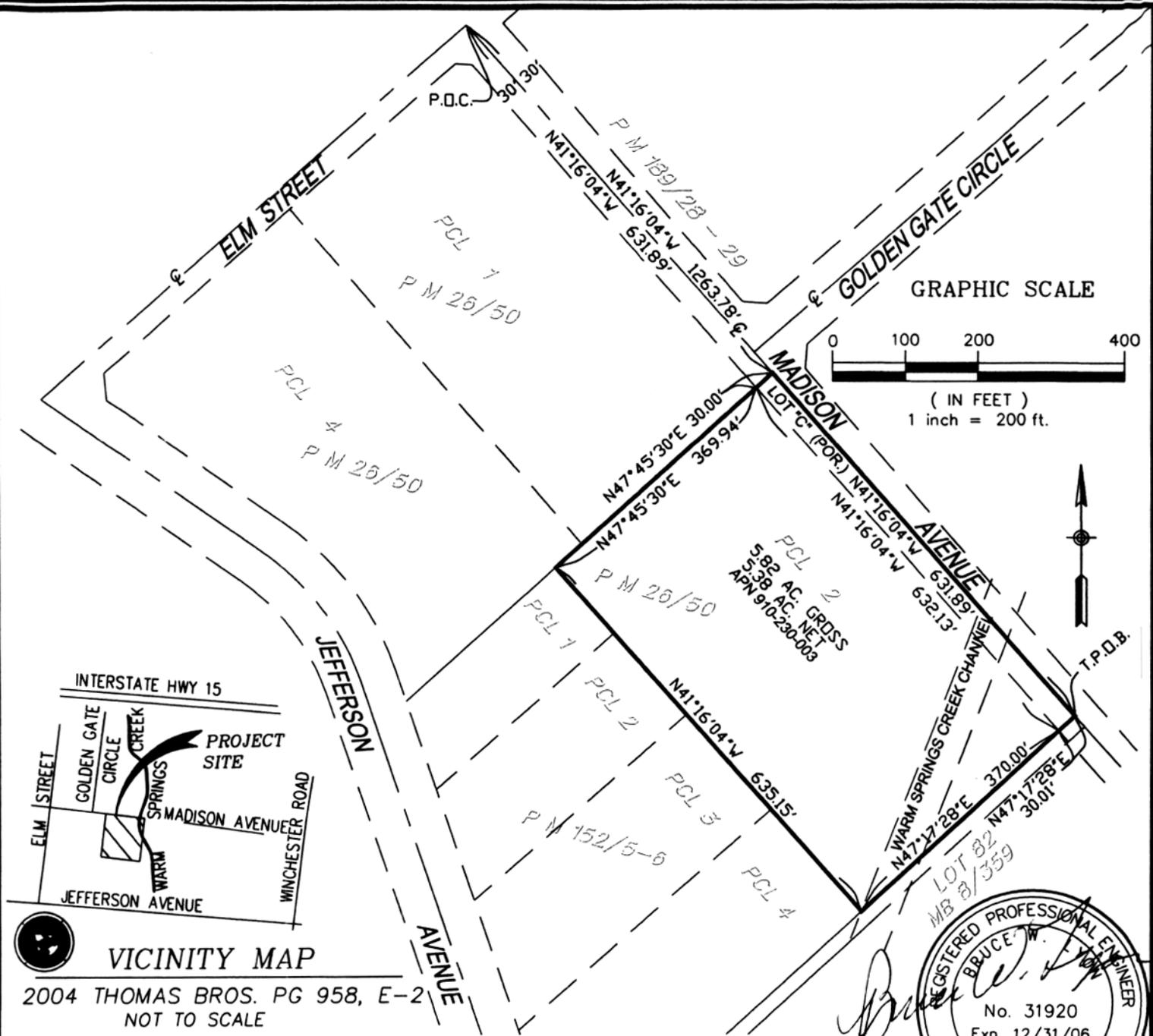
Bruce W. Lyon
Bruce W. Lyon, RCE 31920
Reg. exp. 12-31-06

1/13/06
Date



Conditionally REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
RIGHT OF WAY ENGINEERING TEAM
DATE: 6-21-2006

EXHIBIT "A"



VICINITY MAP

2004 THOMAS BROS. PG 958, E-2 NOT TO SCALE



CONDITIONAL REVIEW BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
RIGHT OF WAY ENGINEERING TEAM
 DATE: 6-21-2006

MARKHAM DEVELOPMENT MANAGEMENT GROUP, INC.

PCL 2, LOT "C" (POR.)
P.M. 26/50

REORGANIZATION TO INCLUDE CONCURRENT ANNEXATIONS TO EASTERN MUNICIPAL WATER DISTRICT (94TH FRINGE), RANCHO CALIFORNIA WATER DISTRICT (ANNEX 94) AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA.

LAFCO

**Documentation for Annexation of Lands to
The Metropolitan Water District of Southern California**

Water Use Efficiency Compliance Statement

A. General Information

<p>Description of Annexing Area 5.83 acres of undeveloped commercial property generally located east of Elm Street and south of Madison Avenue in the City of Murrieta.</p>	<p>Member Agency: Eastern Municipal Water District Annexation Name: Raymond Smith Project Annexing Water Demand: 14,500 GPD or 16.2 AF/Y Peaking Water Demand: 36,250 GPD Percent MWD Supplied: 100% Development Plans: Industrial/Business Park Zoning: commercial Additional Water Agencies Involved in Annexation: 1. Rancho California Water District 2.</p>	<p>MWD Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> </p>
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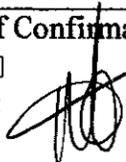
B. Member Agency Water Use and Efficiency Plans

<p>1. Does your agency minimize annual water demand by incorporating water conservation measures into new development plans and service agreements? Describe.</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/> Description: Yes, ongoing residential water conservation programs are offered to new developments, existing customers and our subagencies. These programs include home water surveys, ultra-low flush and dual flush toilets, high-efficiency clothes washers, and low-flow showerheads. New development service agreements require developers to promote water conservation programs/incentives, water saving appliances, and California friendly landscaping. Developers must adhere to State and local</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments:  Documentation: <input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>
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	<p>plumbing and landscaping codes and EMWD's water conservation ordinances. EMWD offers rebates to commercial, industrial, and institutional customers under MWD's CII program. Landscaping budgets and plan checks are required for all new commercial developments. EMWD is a charter signatory agency of the California Urban Water Conservation Council and promotes the Best Management Water Conservation Practices throughout its service area. A staff of conservation and education specialists provide public education programs, landscape irrigation workshops, student education programs, and conservation related campaigns.</p> <p>Supporting Documentation: Conservation Department Programs 1993-2003 Brochure December 15, 2004 Board Letter - Legislative Policy Principles</p>	
<p>2. Does your agency use groundwater, surface water, and recycling to reduce annual demand on MWD? Describe.</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Description: Yes, EMWD produces about 20% of its supplies from local groundwater. Other sources of water include recycled water produced from four regional water reclamation facilities, a reverse osmosis desalination plant, a microfiltration plant, and groundwater recharging. Plans are underway for two additional desalination plants, 1 additional microfiltration plant, water harvesting, and expanding our groundwater recharge program.</p> <p>Supporting Documentation: Brochure - Maximizing Resources Brochure - Salinity Management Program Recycled Water Ordinance No. 68 Groundwater Management Plan</p>	<p>MWD/Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments: </p> <p>Documentation: <input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>
<p>3. Does your agency use storage and groundwater facilities and conservation to reduce peak demand on MWD?</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Description: Yes, EMWD utilizes its storage facilities and groundwater basins to reduce peak demand on MWD. EMWD maintains 80 water reservoirs that hold more than 190 million</p>	<p>MWD/Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments: </p>

<p>Describe.</p>	<p>gallons of water and 21 wells that produce 24,085 gpm. EMWD's groundwater recharge program consists of spreading ponds in the Hemet/San Jacinto area that are used to store excess water during wet periods. This program will be expanded with the construction of a major raw water transmission pipeline that will make available State Water Project water to recharge the subbasin. Water harvesting plans are underway to use an old MWD reservoir to capture water from Riverside County Flood Control and the Water Conservation District storm drains.</p> <p>Outdoor water conservation is promoted throughout our service area. The East Valley Campaign was marketed in the Hemet/San Jacinto valley asking residents to reduce water consumption during the summer months while we were facing short-term water supply shortages. Programs such as Weather-Based Controllers for commercial landscape accounts; the Landscape Accounts Data System (LADS) program as outlined in Ordinance 72.19; and the California Friendly Landscape (CFL) Pilot Program for new development landscaping are all examples of outdoor water conservation programs supported by EMWD.</p> <p>Supporting Documentation: Ordinance 72.19 - Landscape Irrigation Brochure Hemet/San Jacinto Conjunctive Use Program Report - Active Production Wells Report - Active Tank List</p>	<p>Documentation: <input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>
<p>4. Does your agency offer all MWD new development conservation programs? Describe how they are promoted.</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/> Description: Yes, MWD's new development conservation programs, including dual flush toilets, residential water surveys, water-wise landscape/irrigation workshops, high efficiency washing machine rebates, water brooms, moisture sensors, California Friendly landscape projects for model homes, CII</p>	<p>MWD Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments:  Documentation:</p>

	<p>program, etc. As outlined in the Conservation Department Programs 1993-2003 pamphlet, these programs are offered to all new customers as well as subagencies. These are promoted via bill stuffers, EMWD's web site, newspaper articles and advertisements, and community outreach meetings such as Chambers of Commerce events, homeowners association meetings and civic associations, etc. Subagencies are encouraged to offer the same MWD sponsored programs to their new customers.</p> <p>Supporting Documentation: Conservation Department Programs Report Lake Hemet Agreement 55348-1 MWD Agreement No. 57809 Monthly Customer Newsletters Ads in the Valley Chronicle Newspaper Conservation Promotional Flyers</p>	<p><input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>
<p>5. Does your agency have a specific conservation program for new development independent of MWD funding? Describe.</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/> Description: Yes, EMWD has initiated the East Valley Campaign to help cut down on summer peak demands, sponsors workshops on California-friendly plants to promote landscaping using drought tolerant plants and the Water Waste Program to report/correct the wasteful use of water. A new program, The New Residential Development Campaign, is targeted at new residential customers and consists of a welcome letter, a quarterly newsletter containing seasonal tips and ideas for water conservation, and a survey. Poster contests are coordinated with May Water Awareness Month through our 9 school districts.</p> <p>Supporting Documentation: Brochures - East Valley Campaign California Friendly Landscape Workshops Water Waste Program - Sample Letter New Residential Development Campaign – Letter and Brochures</p>	<p>MWD Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments:  Documentation: <input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>

<p>6. Does your agency use recycled water in accordance with California Water Code Sections 13550 - 13554? Describe.</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/> Description: Yes. EMWD has an extensive recycled water distribution system consisting of more than 100 miles of pipeline linking five regional water reclamation facilities. More than 6,000 AF of storage pond capacity have been constructed at 10 locations throughout our service area for seasonal storage of surplus recycled water. About 25,000 AFY of recycled water is sold to customers at 110 different sites, ranking EMWD among the top water recycling agencies in California. Recycled water is conditioned for new projects serviced by EMWD that meet the Recycled Water Facilities and Service Guidelines adopted by EMWD's Board of Directors as required in Water Code sections 13550-13554.</p> <p>Supporting Documentation: Brochure - EMWD Recycling Program Recycled Water Policy & Guidelines Report - Recycled Water Production & Sales</p>	<p>MWD/Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments:  Documentation: <input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>
<p>7. Are Best Management Practices conditioned on all new development? Describe BMP implementation. Describe BMP implementation in new development.</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/> Description: Yes. In fulfillment of the BMP's, all of the incentives/rebates are offered to new development within our service area. As a condition of service, new development must agree to meet all code requirements established by their respective City or County, as applicable. Each of these agencies has stringent landscape codes. Large commercial landscaping requires a dedicated landscape irrigation meter, submittal of plans for approval, and an approved water budget, in conformance with BMP #5. EMWD is a leading member of the Riverside County Water Task Force whose purpose is to set common water use best management practices for cities and other entities throughout Riverside County.</p>	<p>MWD/Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Comments:  Documentation: <input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>

	<p>Supporting Documentation: County of Riverside Landscape Requirements City of Murrieta Landscape Standards City of Temecula Landscape Design Riverside County Water Task Force Program</p>	
<p>8. Can your agency sustain a 7-day interruption in service as described in MWD Admin. Code Section 4503?</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/> Yes, EMWD can sustain a 7-day interruption in service during the non-peak demand winter months.</p>	<p><i>OK 10-20-05</i></p>
<p>9. Are your agency and all other agencies listed in (A) above signatory to and in compliance with the California Urban Water Conservation Council's BMP MOU?</p>	<p>Member Agency Response: Yes <input type="checkbox"/> No <input type="checkbox"/> Yes. EMWD and RCWD are signatory to CUWCC BMP's</p> <p>Form of Documentation: February 5, 1992 Board Letter - Approving Signatory to the CUWCC MOU Copy of RCWD's Board Letter to be a signatory to the CUWCC EMWD Years 2002/2003 & 2003/2004 BMP Reports</p>	<p>MWD Staff Confirmation: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Documentation: <i>[Signature]</i> <input type="checkbox"/> Received <input type="checkbox"/> On File (Date: _____)</p>

Submitted by:

EASTERN MUNICIPAL WATER DISTRICT

Linda Ryder

 Linda Ryder, Contracts Manager

Date: 10/4/05

RESOLUTION

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
GIVING NOTICE OF INTENTION TO
IMPOSE WATER STANDBY CHARGES
CONTINGENT UPON ANNEXATION
94th FRINGE AREA**

WHEREAS, at the meeting of the Board of Directors (“Board”) of The Metropolitan Water District of Southern California (“Metropolitan”) on December 14, 1993, the Board approved the rate structure and additional revenue sources described in the board letter on the Financial Structure Study, dated December 1, 1993, including a readiness-to-serve charge;

WHEREAS, pursuant to Section 134.5 of The Metropolitan Water District Act (the “Act”), a readiness-to-serve charge may be collected as an availability service charge from the member public agencies within Metropolitan, or may be imposed as a water standby charge against individual parcels within Metropolitan;

WHEREAS, under the Act, the water standby charge may be imposed on each acre of land or each parcel of land less than an acre within Metropolitan to which water is made available for any purpose by Metropolitan, whether the water is actually used or not;

WHEREAS, certain member public agencies of Metropolitan including the Eastern Municipal Water District (“Eastern”) have requested the option to provide collection of all or a portion of their readiness-to-serve charge obligation through a Metropolitan water standby charge imposed on parcels within those member agencies;

WHEREAS, the owner of the parcel identified in the attached Engineer’s Report, dated June 2005 (the “Engineer’s Report”) has applied for annexation into Eastern and Metropolitan;

WHEREAS, upon annexation, Metropolitan water will be available to such properties and such parcels will receive the benefit of the projects provided in part with proceeds of Metropolitan water standby charges, as described in the Engineer’s Report; and

WHEREAS, Eastern has requested that Metropolitan impose water standby charges on such properties at the rate specified in the Engineer’s Report and provided herein, following annexation of such properties into Metropolitan;

NOW THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

Section 1. That notice is hereby given to the public and to each member public agency of The Metropolitan Water District of Southern California of the intention of Metropolitan’s Board to consider and take action at its meeting to be held on October 10, 2006, or such other date as the Board shall determine, on the General Manager’s recommendation to impose a water standby charge for fiscal year 2006/07 on the properties described in the attached Engineer’s Report and incorporated herein by reference. A registered professional engineer certified by the state of California prepared the Engineer’s Report.

Section 2. That the proposed water standby charge per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report, shall be \$6.94, which is equal to the amount of Metropolitan's existing standby charge on other properties located within the territory of Eastern. The Engineer's Report separates the special benefits from the general benefits and identifies each of the parcels on which a special benefit is conferred. No charge on any parcel shall exceed the reasonable cost of the proportional special benefit conferred on that parcel.

Section 3. That the proposed water standby charge, if imposed following completion of the proposed 94th Fringe Area Annexation, shall be collected on the tax rolls, together with the *ad valorem* property taxes which are levied by Metropolitan for the payment of pre-1978 voter-approved indebtedness, or at Metropolitan's election may be billed directly to the property owners. Any amounts so collected shall be applied as a credit against Eastern's obligation to pay its readiness-to-serve charge. After such member agency's readiness-to-serve charge allocation is fully satisfied, any additional collections shall be credited to other outstanding obligations of such member agency to Metropolitan or future readiness-to-serve obligations of such agency.

Section 4. That the Executive Secretary is hereby directed to provide written notice of the proposed water standby charge by mail to the record owner of each property identified in the Engineer's Report not less than 45 days prior to the date of the public hearing identified in Section 5. Each notice shall be given in accordance with the requirements of Article XIII D, Section 4, of the California Constitution, and shall be in a form approved by the General Counsel. Each notice shall include an assessment ballot whereby the owner may indicate his or her name, reasonable identification of his or her parcel, and his or her support for or opposition to the proposed water standby charge. Each notice shall also include a description of the procedures for the completion, return and tabulation of ballots, which shall be in a form approved by the General Counsel.

Section 5. That the Board will meet in regular session at its meeting on October 10, 2006, or such other date as the Board shall determine, to hold a public protest hearing at which interested parties may present their views regarding the proposed water standby charges and the Engineer's Report. All written protests and comments presented at the hearing or received by the Executive Secretary on or before the conclusion of the public hearing which contain a description sufficient to identify the land owned by the landowners will be given due consideration by the Board before its final action on the proposed water standby charge, and all assessment ballots will be tabulated. If, upon the conclusion of the hearing, ballots submitted in opposition to the water standby charge (weighted according to the proportionate financial obligation of the affected property) exceed the ballots submitted in favor of the water standby charge, the water standby charge shall not be imposed.

Section 6. That imposition of the proposed water standby charges, if authorized by the Board following the public protest hearing, will be contingent upon completion of the concurrent annexation of the 94th Fringe Area to Metropolitan and Eastern. If water standby charges are approved and such annexation is not completed in time to permit imposition of standby charges for fiscal year 2006/07, Metropolitan may levy standby charges at the rate stated in this resolution beginning in a subsequent fiscal year.

Section 7. That in the event that the water standby charge, or any portion thereof, is determined to be an unauthorized or invalid fee, charge or assessment by a final judgment in any proceeding at law or in equity, which judgment is not subject to appeal, or if the collection of the water standby charge shall be permanently enjoined and appeals of such injunction have been declined or exhausted, or if Metropolitan shall determine to rescind or revoke the water standby charge, then no further standby charge shall be collected within the territory described in the Engineer's Report and Eastern shall pay its readiness-to-serve charge obligation to Metropolitan in full, as if imposition of such water standby charges had never been sought.

Section 8. That this Board finds that the intention to adopt proposed water standby charges provided in this Resolution is not defined as a project under the provisions of the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378 (b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Prior to formal approval of the annexation and water standby charges from the Board, CEQA documentation will be prepared by the Lead Agency and processed in accordance with CEQA and the State CEQA Guidelines. As the Responsible Agency, Metropolitan's Board will then review and consider the CEQA documentation before taking action.

Section 9. That the General Manager is hereby authorized and directed to take all necessary actions to satisfy relevant statutes requiring notice by mailing or by publication.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on August 15, 2006.

Executive Secretary
The Metropolitan Water District
of Southern California

**Attachment to Resolution of Intention
to Impose Standby Charges**

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

ENGINEER'S REPORT

Supplement I

PROPOSED PROGRAM TO LEVY STANDBY CHARGES,

EASTERN MUNICIPAL WATER DISTRICT

94th FRINGE AREA ANNEXATION

June 2006

BACKGROUND

This report is a supplement to The Metropolitan Water District of Southern California (Metropolitan) Engineer's Report for the Program to Levy Readiness-To-Serve Charge, including Local Option for Standby Charge during fiscal year 2006/07, dated December 2005, adopted by Metropolitan's Board on March 14, 2006 (Engineer's Report). A copy of the Engineer's Report is on file with the Executive Secretary. Metropolitan collects a readiness-to-serve charge (RTS) as an availability-of- service charge from the member public agencies. Member public agencies request that Metropolitan collect a portion of their RTS obligation through Metropolitan's water standby charge. This supplement to the Engineer's Report satisfies the requirements of Proposition 218, the "Right to Vote on Taxes Act", approved by California voters November 5, 1996, which classifies standby charges as assessments on newly annexed properties.

DESCRIPTION OF ANNEXING AREA

The Eastern Municipal Water District (Eastern) has requested that Metropolitan collect all or a portion of its RTS obligation through a Metropolitan water standby charge imposed on parcels within Eastern service area boundary. The owners of property constituting proposed 94th Fringe Area Annexation have applied for annexation into Eastern. Once the territory is annexed, Metropolitan water will be available to these parcels, and these parcels will receive the benefit of the projects funded in part by Metropolitan water standby charges, as described in the Engineer's Report. Eastern has requested that Metropolitan impose water standby charges on these properties at the rate specified in the Engineer's Report, following annexation of these properties into Metropolitan.

COST BENEFIT OF THE ANNEXING AREA

The property owners have applied to Metropolitan for annexation of the properties identified in this report. Consent by the property owners to Metropolitan's levying of an annual water standby charge in the amount of \$6.94 per acre, or \$6.94 per parcel of less than one acre, is a condition to annexation of these properties into Eastern and Metropolitan.

The following table lists the parcels included in 94th Fringe Area Annexation and the proposed water standby charge for fiscal year 2006/07.

Table A
Water standby charges for 94th Fringe Area Annexation

<u>Parcel Number</u>	<u>Acres</u> *	<u>Standby Charge</u> <u>(Fiscal Year 2006/07)</u>
910-230-003	5.83	\$ 40.46
	Total	\$ 40.46

* Acres per Assessor's Parcel Number

The estimated potential benefits of Metropolitan's water supply program that could be paid by a standby charge are approximately \$244 million for fiscal year 2006/07, as shown in Table 1 of the Engineer's Report. An average total standby charge of \$57.22 per acre of land, or per parcel of less than one acre, would be necessary to pay for the total potential program benefits within Metropolitan's service area. The Engineer's Report has estimated that the total benefits of this magnitude accrue to each acre of property and parcel within Metropolitan, as these properties are eligible for water from the Metropolitan system. Because only properties located within Metropolitan's boundaries receive water supplies from Metropolitan (except for certain contractual deliveries as permitted under Section 131 of the Metropolitan Water District Act), any benefit received by the public at large or by properties outside of the proposed area to be annexed is merely incidental.

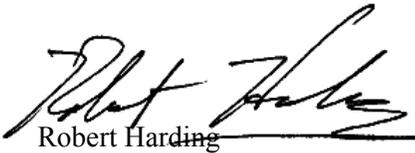
Table 5 of the Engineer's Report shows that the distribution of standby charge revenues from the various member agencies would provide revenue of approximately \$42.7 million for fiscal year 2006/07. This total amount is less than projected collections from the RTS charge. Metropolitan will use other revenue sources, such as water sales revenues, RTS revenues (except to the extent collected through standby charges, as described above), interest income, and revenue from sales of hydroelectric power, to pay for the remaining program benefits. Thus, the benefits of Metropolitan's investments in water conveyance, storage, distribution and supply programs far exceed the recommended standby charge, thus ensuring that no parcel within the annexation is assessed water standby charges in excess of the reasonable cost of the proportional special benefit conferred on that parcel.

SUMMARY

The foregoing and the attached tables in the Engineer's Report describe the current benefits provided by the projects listed as mainstays to the water supply system for Metropolitan's service area. Eastern has requested that a water standby charge be imposed on lands within 94th Fringe Area Annexation as a credit against Eastern RTS obligation for fiscal year 2006/07, in the amount of \$6.94 per acre or parcel of less than one acre, to be levied by Metropolitan within Eastern. The special benefits described in this Engineer's Report exceed the recommended charge. The water standby charge for parcels (identified in Table A above) within 94th Fringe Area Annexation total \$40.46.

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